



Los Angeles County AUDIT COMMITTEE

Carl Gallucci, Chair
4th^d District
Louisa Ollague, Vice-Chair
1st District
Dorinne Jordan
2nd District
Genie Chough
3rd District
Lori Glasgow
5th District

MINUTES

October 15, 2009

Vice Chair Louisa Ollague called the meeting to order at 10:40 a.m. in Conference Room 525, Kenneth Hahn Hall of Administration.

Committee Members Present

Louisa Ollague, Vice Chair, First District
Dorinne Jordan, Second District
Genie Chough, Third District
Lori Glasgow, Fifth District

Excused Absence

Carl Gallucci, Chair, Fourth District

APPROVAL OF JUNE 3, 2009 MINUTES

On motion of Genie Chough, seconded by Lori Glasgow and unanimously carried, the minutes of August 20, 2009 were approved.

U96 ARTS COMMISSION TRUST FUND (10/06/09)

Ayanna Hudson, Arts Commission, reported on the Commission's Trust Fund in general, OGP, and the Wallace Foundation Grant. The allowable uses of the grant are dictated by the grantor, whose funds are deposited in the account. There are a set of deliverables, guidelines and conditions that are dictated in the grant agreement. Sample agreements were reviewed.

John Naimo, Auditor Controller, advised that the grant account was established almost 15 years ago to hold privately funded grant monies separately. Ms. Hudson reported that the Commission usually receives grants in the amounts of \$20,000 - \$100,000; the total amount is deposited and incremental account withdrawals occur to issue payments. The Commission also oversees the Organizational Grant Program (OGP) funded from stimulus monies that are tracked separately. The largest grant recently received was the Wallace Foundation Grant (\$1.2 million). Staff will be hired utilizing grant funds to execute the work established from the grant and once the fund is exhausted staff will be released.

Dorinne Jordan requested a summary list of grants from the Commission and of all funds deposited into the trust fund. Ms. Hudson will also provide a copy of the anticipated revenue and the revenue received.

On motion of Lori Glasgow, seconded by Louisa Ollague and unanimously carried, the Committee received and filed U96 Arts Commission Trust Fund (10/06/09) audit.

OLD BUSINESS

On motion of Lori Glasgow, seconded by Genie Chough and unanimously carried, the Committee received and filed the following reports:

To enrich lives through effective and caring service

- Palms Residential Care Facility Contract – Follow-up Review (07/14/09)

Don Chadwick, Auditor-Controller, reported that all disallowed costs should be paid in full by February 2010.

- Los Angeles County Office of Education Juvenile Court Schools Program's Funding Utilization (Board Agenda Items 6 and 47-E, October 14, 2008) (08/12/09)

On motion of Louisa Ollague, seconded by Lori Glasgow and unanimously carried, the Committee continued the following items to its November 19, 2009 Audit Committee Meeting:

- Department of Community and Senior Services – Fiscal Monitoring of Domestic Violence Program Service Providers for Fiscal Year 2006-07 (06/09/09)
- Department of Health Services – Review of Public Private Partnership Program Contract with Altamed Health Services, Inc. (06/25/09)
- Proposed County Vehicle Policy (07/30/09)

Jim Schneiderman, Auditor-Controller, reported that Altamed is paying \$9,000 per month per a reimbursement plan with the County. The reimbursement total for the Department of Public Health has not been determined.

BOARD POLICIES

On motion of Genie Chough, seconded by Dorinne Jordon and unanimously carried, the Committee continued the following items to its November 19, 2009 Audit Committee Meeting:

- Revision to Board Policy No. 9.110 (10/10/08)
- Review of Board Policy No. 9.020 – Employee Accountability (08/18/09)
- Review of Board Policy 9.000 – LA County Stars! (Special Talents for Achieving Remarkable Service) County Employee Recognition Program (08/19/09)
- Proposed Policy on Retention of Contractor Employees for Security Service Contracts (08/28/09)
- Los Angeles County Child Wellness Policy No. 3.116 (10/13/09)

BOARD DELEGATED AUTHORITY

Robin Guerrero, Executive Office, BOS, reported that the review of Board Delegated Authorities began under David Jansen's tenure. The Authorities are in effect based on state codes or laws. The wording was taken almost verbatim from the law, and the Board has the authority to allocate the policies to various departments.

On motion of Lori Glasgow, seconded by Dorinne Jordon and unanimously carried, the Committee received and filed the following reports:

- Review of Board Delegated Authority 20.010 - Property Assessment Correction (01/13/70)

- Review of Board Delegated Authority 20.020 - Establish, Increase, Reduce or Discontinue Revolving Funds (04/04/78)
- Review of Board Delegated Authority 20.030 - Establish or abolish funds and Transfer Money (03/38/72)
- Review of Board Delegated Authority 20.040 - Property Tax Correction (12/23/75)
- Review of Board Delegated Authority 20.050 - Replenish Cash Difference Fund (03/29/77)

Dorinne Jordan requested that the wording under the Policy heading, on the third line should be amended to read, "he/she."

- Review of Board Delegated Authority 20.060 - Replenish Shortages in County Officer's Accounts (07/24/90)

Jim Schneiderman reported there are occasions when departments can not effect collections, which require it to ask the Board of Supervisors to authorize reimbursement. However, the Auditor-Controller is authorized to reimburse departments up to \$10,000.

- Review of Board Delegated Authority 20.070 - Revolving Cash Trust Fund (10/21/80)

Mr. Schneiderman reported that there is no provision to allow trust funds to pay for audits. Monies in the trust fund that are used inappropriately can be placed in the County's general fund.

- Review of Board Delegated Authority 20.080 - Small Claims Agent for County (04/06/54)

Robin Guerrero reported that the change from Auditor-Controller to the CEO was approved by the Board of Supervisors in 2005. Mr. Schneiderman noted that Rocky Armfield, CEO, reviews uninsured small claims losses on behalf of the County.

- Review of Board Delegated Authority 20.100 - Budget Adjustments (06/21/04)

Mr. Schneiderman reported that state law allows department heads to move up to \$250,000 a quarter within their department. The Health Department is allowed to transfer up to \$1 million a quarter without Board of Supervisors' approval.

- Review of Board Delegated Authority 20.110 - Signature for Federal Assistance Under ~~Federal Civil Defense Act of 1950~~ Robert T. Stafford Act., as amended (05/05/98)
- Review of Board Delegated Authority 20.130 - Acceptance of Condominium Conversion Settlement Fees (06/09/87)
- Review of Board Delegated Authority 20.140 -Acquire Distressed or Deteriorated ~~Single Family Residential~~ Properties/Rehabilitation and Sale (09/08/87)
- Review of Board Delegated Authority 20.150 - Purchase Real Property Using Block Grant Funds (01/02/90)
- Review of Board Delegated Authority 20.160 - Purchase Real Property Using Housing Authority Funds (12/12/92)
- Review of Board Delegated Authority 20.170 - Contracts for Legal Services (07/15/87)

- Review of Board Delegated Authority 20.180 - Tax Cancellation Hearings (01/13/70)
- Review of Board Delegated Authority 20.190 - Agreements with Nonprofit Support Organizations (01/13/70)
- Review of Board Delegated Authority 20.210 - Property Tax Correction (12/23/75)

On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee continued the following items to its November 19, 2009 Audit Committee Meeting:

- Review of Board Delegated Authority 20.090 - Approve Contracts (07/15/87)

Ms. Guerrero provided Louisa Ollague a copy of a CEO memorandum to departments issued in March 2009 clarifying the guidelines and parameters for contracts.

- Review of Board Delegated Authority 20.120 - Review, Compromise or Settle Claims (04/23/85)
- Review of Board Delegated Authority 20.200 - Golf Greens Fees (06/23/98)

REPORTS TO BE RECEIVED AND FILED

On motion of Lori Glasgow, seconded by Louisa Ollague and unanimously carried, the Committee received and filed the following reports:

- Community and Senior Services Fiscal Year 2009-2010 Workforce Investment Act Adult and Dislocated Worker Third-Level Appeal Process and Administrative Cost Review (Board Agenda Item 16, June 30, 2009) (08/14/09)

Don Chadwick noted that the third level appeal process was completed in August 2009. CSS is preparing a board letter for submission in November 2009 on their final assessment regarding the appeal. Louisa Ollague reported that the two contractors are splitting the debt 50/50.

- Sheriff's Department Contract City Growth and Grant Programs Review (08/14/09)

Louisa Ollague noted the Sheriff's Department will be recouping the \$15 million owed.

- Regional Park and Open Space District Proposition A Grant Audits (Work Order 7-50A) (08/14/09)

Mr. Schneiderman reported that it has been the department's practice with the old district projects to not recoup funds if the project has been completed.

- Los Angeles Family Housing Corporation – A Department of Public Health HIV/AIDS Care Services Provider (08/18/2009)
- Los Angeles Unified School District Contract Review – A Department of Public Social Services CalWorks Adult and Career Education Program Provider (08/20/09)
- Communities In Schools of South Bay, Inc. Contract Review - A Community and Senior Services Workforce Investment Act Program Provider - Fiscal Year 2008-09 (08/28/09)

- Department of Health Services - Rancho Los Amigos National Rehabilitation Center Payroll Personnel Review (08/28/09)
- New Roads School Program Review (Board Agenda Item 27, March 24, 2009) (09/02/09)
- Special Service for Groups, Inc. Contract – Follow-up Review (09/02/09)
- People Assisting the Homeless - Follow-up Review (09/02/09)
- Status Report - Cost Analysis of Project 50 (Board Agenda Items S-2, May 26, 2009) (09/16/09)

- Los Angeles County Office of Education County Contract Review - A Department of Public Social Services CalWORKs Support Services Program Provider (09/16/09)

Louisa Ollague asked if LACOE has repaid DPSS \$923 owed. Don Chadwick will make inquire on the repayment and report back.

- Automated Case Management Systems, Inc. Contract Review - A Department of Public Health HIV/AIDS Services Provider (09/21/09)

- Los Angeles Centers for Alcohol and Drug Abuse Contract - Follow-Up Review (09/21/09)

Louisa Ollague asked if the unallowable cost incurred by the agency, L.A. CADA, has been repaid to the Department of Public Health in the amount of \$890. Mr. Chadwick will inquire but also stated that the OAPP collection process for outstanding audits will be provided at the next meeting.

- Ocean Park Community Center Contract Review - A Department of Mental Health Service Provider (09/22/09)
- City of Palmdale Contract Review - A Community and Senior Services Workforce Investment Act Program Provider - Fiscal Year 2008-09 (09/22/09)
- Review of FY06-07 & 07-08 Federal Annual Certification Reports for the Narcotic Enforcement Fund and Vehicle Theft Program Fund (10/08/09)
- Children's Institute Inc., Foster Family Agency - A Department of Children and Family Services Provider (10/08/09). *This agenda item was referred to the DCFS Deputies' meeting.*
- Goodwill Industries of Southern California Contract Review – A Community and Senior Services Workforce Investment Act Program Provider – Fiscal Year 2008-09 (10/8/09)
- Fiscal Year 2009-10 Audit, Investigative and Contract Monitoring Charges (10/9/09)

- Approve the Agreement with Approva Corporation for Acquisition of Continuous Controls Monitoring Software and Related Implementation, Maintenance and Support Services (10/20/09)

Mr. Schneiderman reported that the Approva Agreement will appear on the Tuesday, October 20, 2009 Board of Supervisors' Agenda for approval. The Auditor-Controller will be purchasing state of the art software that will monitor final transactions on an ongoing basis. It is a solution to monitoring eCAPS and will be a great help in monitoring procurement accounts/purchases.

On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee continued the following items to its November 19, 2009 Audit Committee Meeting:

- The Resources Company's Evidence-Based Practices Training Status Report – 4/1/2009 to 6/30/2009 (08/14/09)
- H.S. Consortium of the East San Gabriel Valley (dba) LA Works Contract Review – A Community and Senior Services Workforce Investment Act Program Provider – Fiscal Year 2008-09 (08/20/09)

Don Chadwick mentioned that CSS plans to attend the next meeting to discuss their audits. Lori Glasgow suggested that CSS also address R money.

- Community and Senior Services - Fiscal Monitoring of Area Agency on Aging Program Service Providers for Fiscal Year 2007-08 (09/15/09)
- Fraud Hotline Status Report - January 1, 2009 through June 30, 2009 (09/17/09)
- Maravilla Foundation Contract Review - A Community and Senior Services Workforce Investment Act Program Provider - Fiscal Year 2008-09 (09/23/09)

Don Chadwick reported the performance and outcome data that is posted on the CSS website is reviewed by an outside contractor for accuracy and then submitted to the Auditor-Controller. The outside contractor's approved data was incorrect, and this issue will be addressed by CSS at the next meeting.

- Status on Common Subject Search for Investigations (10/06/09)
- Children's Institute Inc., Foster Family Agency - A Department of Children and Family Services Provider (10/08/09)

This item will be addressed at the DCFS Audit Committee Meeting on December 2, 2009.

- Internal Services Department – Payroll/Personnel Review (10/08/09)
- REVISED - Los Angeles Gay and Lesbian Community Services Center Contracts Review – A Department of Public Health HIV/AIDS Care and Prevention Services Providers (10/9/09)

Dorinne Jordon inquired about the above request to have their repayment forgiven. Ms. Oms stated that this does not happen often and the request will be forwarded back to the department to arrange a repayment plan.

OTHER BUSINESS

Pending Audits/Monitoring Reports - Jim Schneiderman stated that the Sheriff Audit report is pending and should be available for review at the next meeting.

Report of County Trust Funds – John Naimo, Auditor-Controller, offered to provide the Report of County Trust Funds once a year.

Cash Flow – John Naimo briefly cited that beginning this month the Auditor--Controller will resume monthly cash flow reports to the Board of Supervisors. Meetings with the CEO and the Treasurer-Tax Collector are being held to update the original cash flow projection as it relates to TRANS public offering. They are addressing the Health Services cash flow revenue stream by aggressively pursuing provider fee collections and receipts from the state. The proposed legislative Bill that will implement provider fees should help public and private hospitals. The Health Services' place holder shrunk from \$250 million to \$210 million in September 2009; \$114 million is revenue assumptions and \$96 million is a place holder in their services and supplies spending.

Sunset Reviews (discussion) – Jim Schneiderman reported there are three sunset reviews that are pending, Judicial Procedures Commission, Arts Commission and Local Governmental Services Commission. The issue at hand is that there is no funding for the audits at this time.

09-10 Audit Plann – Judi Thomas, Auditor-Controller, reviewed the distributed Analysis of Audit-Related Services chart (copy on file). The chart provides an overview of the cost incurred by the Auditor-Controller when providing audits to various County departments. In 2008-09, there was a \$1.8 million deficit because departments did not have the funds to pay for audits. Recently, a Board motion approved to set aside \$350,000 for Board of Supervisors' specific audits. Some departments unilaterally opted to pay for only one half of the total fee. DSOs for 2009-10 have been issued to the departments with mixed reviews. Ms. Thomas inquired whether the Auditor-Controller should be auditing based on the clients ability to pay.

Jim Schneiderman distributed and reviewed the Audit Division Audit Plan Fiscal Year 2009-2010 (copy on file). The report provides an overview of audits that need to be conducted for each of the County Departments.

Following discussion, the Committee recommended that further review of this issue include audits that are mandated versus requested, audit procedures (fraud allegation audits are not included), and the audit costs attributed to each department. Mr. Schneiderman noted that only in the last few years has the Auditor billed departments outside of DPSS and DCFS.

CLOSED SESSION: GOVERNMENT CODE SECTION 54956.9

The Committee recessed the meeting to Closed Session at 12:01 noon to discuss Third Party Liabilities

The Committee reconvened the meeting from Closed Session at 12:14 p.m. Chair Ollague advised that no reportable actions were taken in Closed Session.

PUBLIC COMMENT

There was none.

MATTERS NOT ON THE POSTED AGENDA (TO BE PRESENTED AND PLACED ON THE AGENDA OF A FUTURE MEETING)

There was none.

ADJOURNMENT

There being no further business to conduct, the meeting was adjourned at 12:15 p.m.

Others in Attendance

Springsong Cooper, First District
John Naimo, Auditor-Controller
Judi Thomas, A/C
Don Chadwick, A/C
Jim Schneiderman, A/C
Alysa Serdengecti, A/C
Martin Zimmerman, Chief Executive Office
Vincent Amerson, CEO
James Hazlett, CEO
Robin Guerrero, Executive Office, BOS

Ayanna Hudson, Arts Commission
Susan D. Fowler, Human Resources
Marion Figueroa, HR
Chhaya Chhith, HR
Sandra Sims, HR
Sandra Wallace Blaydow, HR
Lisa McClough, HR
Bruce McDonald, HR

Staff

Lee Millen, Board of Supervisors
Nyla Jefferson, Board of Supervisors